Appendix B

COUNCIL MEETING

25th NOVEMBER 2015

QUESTIONS FOR ORAL REPLY FROM MEMBERS OF THE COUNCIL

1. From Cllr Nicholas Bennett to the Leader of the Council

How much has been saved in money and percentage terms in the revenue budget between 2010-11 and 2015-16 and what further savings will be required in money and percentage terms by 2020?

Reply:
The budget gap arises from a combination of the impact of inflation, additional cost and demographic pressures including new burdens as well as the impact of significant losses in government grant. Some of the savings identified were required to offset such cost increases within the overall net budget.

Savings of £74m have been included in the revenue budgets from 2010/11 to 2015/16 which equates to 38% of the baseline net budget. The extent of further savings will be dependent on the outcome of the finance settlement which will not be known until mid-December but, based on latest projections; further savings of £56m will be required by 2019/20 representing 28% of the net budget.

2. From Councillor Nicholas Bennett to the Portfolio Holder for Resources

What is the contribution to the Revenue Budget of;

(i) Investment income (and the average rate of return and percentage of total council income) from property assets purchased for this purpose;

Reply:
The 2015/16 budget for income from properties purchased to date from the Investment Fund is £3.02m and is expected to increase to over £4m by 2016/17 to reflect the full utilisation of the Investment Fund. The current yield provides an average return of 6.0%.

In addition, the 2015/16 budget includes income of £4.37m relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties).

The total 2015/16 budget represents 1.35% of the Council's total income.

(ii) Income from money on deposit with financial institutions (and the average rate of return and the percentage of total council income).

Reply:
The 2015/16 budget includes income from investments of £2.7m representing 0.5% of the Council's total income. Latest projections are that £3.3m will be received equating to 0.61% of total income.

The average rate of return achieved on new "core" investments is 1.3% compared to 1% assumed in the budget. The average return on all "core" investments (existing and new) is 1.4% in the year to September 2015.

Further details are provided in the Treasury Management report to Executive and Resources PDS Committee on 26th November 2015.

Therefore, income from property investment this year will be £7.39m, and income from money on deposit is £3.3m, giving a total for investments held of £10.69m rising to £11.5m next year. This is equivalent to a Council Tax increase of 8.9%.

(iii) Income from all Council services in:

2000-1
2005-6
2010-11
2015-16 (estimate)

and the percentage of total income that this represents in each year?

Reply:
Budgeted income from Council services (ie. excluding council tax, business rates, government grants, housing benefit subsidy and interest earnings) was, for the financial years shown below -

Financial Year	Budgeted Income from Council Services £m
2000/01	40.5
2005/06	51.0
2010/11	58.5
2015/16	61.9

Supplementary question:
We have a public meeting in a few hours' time on the budget and it is very important that these figures are in the public arena. Does he agree with me that the different return we are getting from the purchase of properties of over 6% compared with 1% on loans to financial institutions shows the wise-ness of a policy of investing in property? Has he seen the rather strange figures alleging that we have £400m in reserves? Would he like to comment on the veracity of that please?

Reply:
The statement that we have that level of reserves is totally wrong. Our earmarked reserves are £111m, and we have a general reserve of £20m. What has happened in terms of the figure that was quoted is that it is our treasury management moneys. There is a lot of money that we carry as working capital, grant received up-front from central government, and so on. Those moneys are effectively leant to us and we can invest them and get a return on them. In terms of the current rate of return of 6% on the properties purchased, it is certainly comparable with anything you can get on treasury management at 1% or maybe 1.3% which is the standard. By adopting a widespread of portfolio investment which includes diversified growth funds we can spread the risk and at the same time get a far better rate of return.